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STATE BOARD OF EQUALIZATION

August 21, 1950

Gentlemen:

Your letter of July 19 has been referred to the undersigned for answer.

We have reviewed the question of the applicability of the California Sales and Use Tax Law to purchases made pursuant to the Soil Conservation and Domestic Allotment Act (16 U.S.C.A. 590).

From your letter and the papers attached thereto, it appears that the United States Government and the farmer together purchase certain conservation materials from a retailer. The facts indicate that the Government and the farmer are separately obligated to pay respective portions of the purchase price.

It is our opinion that the interest paid for by the Government is in effect purchased by the Government and is, therefore, not subject to the sales or use tax. We are of the opinion, however, that the interest paid for by the farmer is subject to the tax.

Very truly yours,

E. H. Stetson  
Tax Counsel